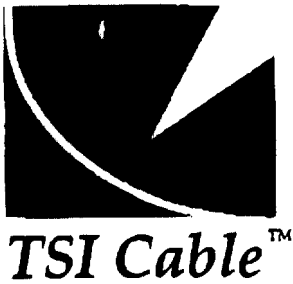


APPENDIX C

STATEMENT OF DAVID E. LANE



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STATEMENT OF DAVID E. LANE

1. My name is David E. Lane. I am the Chief Executive Officer and one of the founders of TSI Cable ("TSI"). Prior to forming TSI in October 1995, I worked for Telnet Global Communications, during which time we were under contract to oversee the installation of telecommunications systems and cable television headends at over 40 properties in the Mid-Atlantic area.
2. Since March 1997, TSI has concentrated exclusively on providing owners and residents of multiple dwelling units ("MDUs") with DirecTV programming as an alternative to the programming offered by the local franchise cable system. Under TSI's plan, TSI installs the equipment and wiring necessary to deliver DirecTV programming to MDU residents with no cost to the MDU owner. TSI also maintains the distribution system within the MDU, and provides subscriber services such as customer service and technical support. In addition, TSI has designed and is currently executing its own marketing campaign to prospective tenants at properties where TSI's service is offered.
3. TSI's ability to offer competitive video services to MDU residents depends on its ability to access existing wiring within the MDU structure. TSI would not be able to maintain competitive prices if it were forced to install duplicative wiring in an MDU that it wished to serve. In the majority of cases, the MDU owner will not allow TSI to install additional wiring for aesthetic reasons or it is physically impossible to install a second infrastructure. As a result, if TSI is not



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permitted to access existing wiring, it would be precluded from competing with the local cable service provider at 90% of the properties in the markets they operate.

4. One of the biggest obstacles to the ability of TSI to access wiring is the existence of perpetual contracts between MDU owners and cable operators. Based on TSI's experience and information that TSI has received, many of the largest MDU property owners in the country have entered into perpetual contracts with the local cable provider. Also based on TSI's experience, cable operators that have control over the inside wiring of an MDU, have denied TSI's request for access to the individual wires and will not allow competition in those MDU's.
5. The inability to access existing wiring has negatively affected TSI's business. Although TSI has entered into service contracts with MDU owners whose portfolios total over 250,000 individual MDU units, currently only about 10,000 units can be activated because, with respect to majority of the other units, cable incumbents will not allow us to access the existing wiring within the MDU structure.
6. I believe that the FCC can help TSI compete by allowing TSI to access the resident's individual feeds at the point where it becomes dedicated to the resident's unit. There are two ways the FCC can give TSI this access. First, local cable companies should not be able to enforce exclusivity clauses in their agreements if the property Owner wishes to allow a competitive video provider to service their property. The exclusivity clause is the basis behind the monopolies the local cable companies have in their markets and thus completely negates the efforts that the FCC is making to promote competition. The second way to assist TSI is not to allow the local cable

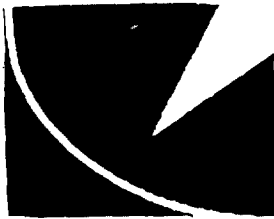


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provider to deny TSI's request for access to the individual resident's feeds. The cable companies' position is that it is technically impossible to share the same feed is incorrect. Both the DirecTV signal and the cable companies signal can be sent across the same feed. TSI has already made proposals to all cable operators in our markets to input a local channel-programming package across our system. This enables the resident to get all the local channels in their area and allows the local cable company to maintain its presence with that resident by billing the resident for that package, which gives the local cable provider continued marketing access for any other services they may be offering.

7. TSI wants to coexist with the local cable provider and compete with them on a unit by unit basis. TSI believes the FCC should establish a time limit on perpetual contracts, which will allow the cable provider to recoup its cost to install the wiring infrastructure at the property. However, to put a time frame from the date the perpetual contract was executed would not immediately promote competition. Most of the MDU properties' contracts we have seen, were renewals of original agreements executed between 1993 and 1996. If the goal of this ruling is to allow the cable provider to recoup its investment, than the time period established should be from the date the infrastructure was initially installed and not the date of the current agreement between the cable provider and the property. I do not believe a cable company can argue the point that, in 4-8 years of being the only cable provider at a property, that they did not recoup their investment of the installation. This resolution will give the MDU owner, at their option, the right to cancel the agreement or renegotiate with the local cable provider.



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A "fresh look" window is a limited opportunity that would not give property owners a continuous ability to bring a competitive offering to their residents. Not all of the owners markets have organizations ready to compete in this industry or they may not see an alternative service that they believe is right for their property. Alternative providers and services may be very attractive to that owner down the road, but because they've used their "window", they could not give their residents the choices they are asking for. They should have the option at any time, to allow competition to exist on their property. To be effective, the FCC must give MDU owners the right to allow an alternate video provider to compete on their property. In addition, perpetual contracts, after the initial time limit from the installation of the infrastructure, should not be a "legally enforceable right" to which the local cable provider can deny the alternate provider access to the residents cable feed at the point where it becomes dedicated to the resident's unit.

8. I encourage the FCC to adopt the measures I have explained above because I believe that they will enable TSI to become a more effective competitor to cable within MDUs.



David E. Lane



Date

APPENDIX D

STATEMENT OF KESSE HO



Statement of Kesse Ho

1. My name is Kesse Ho. I received a Bachelor of Science degree in Electrical Engineering from the City University of New York in 1970 and a Masters degree in Business Administration from Northwestern University in 1977.
2. I have been employed by Hughes for more than 17 years. Currently I am a Senior Staff Engineer for DIRECTV, Inc., a subsidiary of Hughes. At DIRECTV I serve as a consultant to the MDU group on signal distribution issues in MDU. I am also DIRECTV's Airborne DBS Project Manager, overseeing the In-Flight Entertainment (IFE) industry's activities in the DBS system design and signal distribution. My prior positions with Hughes include 10 years as the head of the Advanced Circuits Group at the Fullerton site in California and as the director of the Core Video Group at Hughes-Avicom in Pomona, California.
3. I have more than twenty-five years of experience in the field of discrete and IC analog circuits design. I also have expertise in the area of wired and wireless signal processing and distribution.
4. I have studied the feasibility of simultaneously transmitting the down-converted DBS signal (950 MHz to 1450 MHz) and the Off-the-Air/CATV cable signal over the same wiring. In my opinion, the simultaneous transmission of DBS signals and cable signals is feasible on the same wire in the MDU environment. It is a standard practice being implemented in MDU installations in the industry.

5. The sharing of a cable for services using different frequency bands is the fundamental foundation of modern communications theory. One common example is the use of a single cable to distribute the VHF signal (54 to 216 MHz) and the UHF signal (470 MHz to 806 MHz). Presently, most of the MDU RF video signals, whether from an Off-the-Air source or a CATV source, operate up to 550 MHz (in a few rare cases, up to 806 MHz). The future plans for the MDU cable industry include the use of two-way digital cable modems which will operate in the range of 5 MHz to 806 MHz.
6. The down-converted DBS signal at the input to the MDU wired cable plant operates at a much higher frequency band, from 950 MHz to 1450 MHz. Because no part of the DBS band overlaps with the cable signal band, both can be transmitted across the same wire without causing interference to each other. Moreover, the 144 MHz separation between the DBS signal and the cable signal adequately protects each signal from out-of-band emissions from the other.
7. Based on my experience, the manner in which the DBS signal and the Off-the-Air/CATV cable signal is combined onto a single wire also does not result in any interference problems. Although different configurations exist, the basic DBS design in a typical MDU involves transmitting, from a rooftop dish, a down-converted DBS signal in the frequency range of 950 MHz to 1450 MHz to a multi-switch. The Off-the-Air or CATV signal is also routed to the multi-switch. The multi-switch then combines the two signals and transmits them to the subscriber's residence through an existing home-run wire. There, a high/low pass filter called a diplexer is used to separate the DBS signal from the Off-the-Air/CATV signal. The resident may then subscribe to the cable programming, the DBS programming, or both. Regardless of the resident's decision, the reception quality of either or both signals will be the same as he or she would have received had the DBS and the Off-the-Air/CATV cable signals been transmitted by separate wiring.

Kesse Ho 12/23/97
Kesse Ho Date